

Daniloff Case Endangers Summit, Reagan Aides Say

Issue to Top Agenda for U.S.-Soviet Talks Friday

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WASHINGTON—The Reagan Administration underscored its warnings Monday that Soviet prosecution of reporter Nicholas Daniloff on spy charges could block a U.S.-Soviet summit and said the issue will head the agenda of Secretary of State George P. Shultz's scheduled meetings with Soviet Foreign Minister Eduard A. Shevardnadze this week.

Bristling at criticism of their decision to continue negotiations with Moscow despite the charges against Daniloff, officials said the talks will proceed—but added that plans for a summit meeting between President Reagan and Soviet leader Mikhail S. Gorbachev will be endangered unless the correspondent is freed.

"From my point of view, we will continue our negotiations for Daniloff and at the same time keep things on a different track as far as the summit is concerned," White House Chief of Staff Donald T. Regan said. "But if Daniloff isn't settled, that may put the summit in jeopardy."

White House spokesman Larry Speakes said, "The longer the matter drags out, the more it will affect U.S.-Soviet relations, and U.S.-Soviet relations include meetings."

Daniloff, a Moscow correspondent for U.S. News & World Report magazine, was arrested by Soviet KGB agents Aug. 30 and charged with spying in apparent retaliation for the arrest on spy charges of a Soviet physicist employed at U.N. headquarters in New York.

In a deal announced last week, Daniloff was released to the custody of the U.S. Embassy in Moscow while the accused Soviet spy, Genady F. Zakharov, was turned over to the Soviet Mission in Manhattan.

Reagan has declared Daniloff innocent and demanded his release, but Soviet spokesmen insist that he will stand trial as a spy.

Speakes said Shultz will proceed with planned talks with the Soviet foreign minister Friday and Saturday but will make Daniloff—instead of the prospects for a summit—"the first item on the agenda."

'We'll Start With Daniloff'

"I'm sure that preliminary discussions on U.S.-Soviet relations, which may include future meetings, will take place, but whether it will be resolved remains a question," Speakes said. "... We'll start with Daniloff and see where it goes from there."

Several officials said the Administration has been stung by criticism of its attempts to negotiate a solution to the Daniloff case—both from conservatives and from relative moderates like Sen. Richard G. Lugar (R-Ind.), chairman of the Senate Foreign Relations Committee. Lugar and Sen. Daniel Patrick Moynihan (D-N.Y.) said Sunday that Reagan and Shultz should refuse to discuss a summit meeting until Daniloff is freed.

The Administration's position is that negotiations toward a summit should continue, with the threat of cancellation in reserve if the charges against Daniloff are not lifted.

Aimed at Blunting Criticism

Monday's new warnings from Regan and Speakes were aimed in part at blunting criticism of the Administration's approach, officials said.

But conservatives in Congress continued to snipe at the White House. One, Rep. Henry J. Hyde (R-Ill.), announced that he will introduce a bill to bar American tourists from visiting the Soviet Union and said: "Forward motion on relations with the Soviets has to come to a screeching halt as long as this guy is being held."

And Reagan found himself responding to a conservative newspaper column charging that, in the confrontation with Moscow, his Administration had "blinked" by allowing equal treatment of Zakharov and Daniloff despite earlier

protestations that one was an accused spy and the other a hostage.

"No one on our side has blinked, and I didn't blink," the President said Monday.

Meanwhile, officials said there was no apparent progress in persuading the Soviet regime to drop the charges against Daniloff.

"The vibrations are that movement is not likely until Shevardnadze meets with Shultz," the State Department official said.

A senior Administration official who spoke on condition that he not be identified said Zakharov was arrested as part of a new crackdown on Moscow's use of its nationals on the U.N. staff for espionage activities.